

THE WHITE HOUSE
WASHINGTON

July 24, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: ARTHUR B. COLVANHOUSE, JR. *AB*
COUNSEL TO THE PRESIDENT

SUBJECT: Explanation of Press Questions and Reports

I. Press Question: "Why didn't you tell Shultz?"

Howard Baker asked that I provide an explanation of the questions shouted at you yesterday to the effect of "Why didn't you tell Shultz?" Secretary Shultz testified yesterday that he did not know of a number of actions, including Presidential decisions, that he should have been told about. We assume that the press is arguing that the President should have told him (as opposed to Messrs. Casey, McFarlane, Poindexter and Regan). Set forth below is a list of specific events that the Secretary testified he learned about at a later time.

<u>Event</u>	<u>When Secretary of State Learned of Event</u>
<u>A. Iran Related</u>	
• Ledeen mission to Israel (summer 1985)	Learns from Ambassador Lewis while Ledeen is in Israel
• December 5, 1985 Finding	Through testimony at hearings
• January 6, 1986 Finding	During his SSCI testimony (December 1986)
• January 17, 1986 Finding which authorized direct U.S. sales to Iran	November 10, 1986
• Direct arms sales by U.S. to Iran which occurred in February 1986 (18th and 27th), May 1986, August 1986, and October 1986	Through press reports after November 4, 1986

- McFarlane trip to Tehran, May 1986 Shortly after the fact
- U.S. Ambassador in Beirut taking direct instructions from McFarlane (summer 1986) November/December 1986
- "Nine Point Plan" discussed with the "second channel" in October 1986 by North and Hakim December 13, 1986

<u>Event</u>	<u>When Secy of State Learned of Event</u>
<u>B. Contra-Related</u>	
• NSC efforts to solicit Israeli assistance for Contras (Spring 1984)	Learned same facts from Ambassador shortly after event, and some from these hearings
• Saudi support to Contras which began in July 1984	June 16, 1986 from McFarlane
• Assistance from Taiwan (late 1985) and solicitation of PRC for lethal assistance (November 1984)	May 1987 through testimony at the hearings
• Instruction to Ambassador Tambs to open the "southern front" (fall 1985)	November/December 1986
• Diversion of arms sales proceeds February 1986	November 25, 1986

II. Sam Donaldson Report of Presidential Support for Iran arms sales in December 1986

Sam Donaldson interpreted Secretary Shultz' morning testimony as indicating that the President supported arms sales to Iran even after Poindexter and North left the White House. Secretary Shultz testified that, upon being given authority for Iran policy late last year after Poindexter resigned, he wanted intelligence functions separated from policy functions. Therefore, he wanted CIA out of the "policy loop" in dealing with the Iranians. State (Armitage) and CIA (DCI Casey) agreed on December 12, 1986 on the ground rules for a meeting the next day in Frankfurt between the Iranian second

channel and Dunbar (State) and Cave (CIA). Thereafter, Casey apparently called Don Regan. Shultz implied that Regan received the President's approval for CIA to play both a policy and intelligence role. At the December 13, 1986 meeting, the Iranian raised the "nine point agenda" previously discussed with North and Hakim. That agenda included the release of the Dawa prisoners and the sale of arms. The U.S. representatives stated that there would be no more arms shipments to Iran.

ABC's Sam Donaldson said, at the end of Secretary Shultz' morning testimony (7/23/87),

"We've heard a story about how Shultz struggled during the month of November [1986] to get the facts out and make certain the President understood them. But then we've learned today that in early December [1986], after Shultz and Casey had made an agreement that they would tell the Iranians in that meeting on the 12th of December, "No more arms sale," we've learned that the President of the United States overruled that agreement and even with Poindexter gone and North fired, it was Ronald Reagan who still wanted to sell arms to the Iranians. I think that's astounding."

Donaldson was absolutely wrong in his analysis. In the afternoon testimony, Shultz testified that no change in policy was made with regard to the President's decision not to sell any more arms to Iran. The only change was that CIA, at Casey's request, was allowed to be involved with policy and intelligence discussions with the second channel.

cc: Howard R. Baker, Jr.

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THE WHITE HOUSE BY WBTNARA DATE 5/8/06

WASHINGTON

July 24, 1987

MEMORANDUM FOR ARTHUR B. CULVAHOUSE, JR. *William B. Lytton*

FROM: WILLIAM B. LYTTON III

SUBJECT: SECRETARY SHULTZ' TESTIMONY (JULY 23, 1987)
CONCERNING THINGS THAT WERE KEPT FROM HIM

On July 23, 1987, Secretary Shultz testified that he was unaware of a number of events involved in the Iranian arms sales and U.S. support to the Contras until after, and in some cases long after, those events occurred. (Set forth below is a list of specific events that the Secretary testified he learned about at a later time.)

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This comment is unsupported by Shultz' testimony.

Shultz testified that State's Armacost and DCI Casey agreed on December 12, 1986 to the ground rules for a meeting the next day with the Iranian second channel. That channel would be used only for intelligence, not policy. Shultz wanted CIA out of the policy business.

Apparently, later that day Casey called Don Regan to have the President authorize the second channel also to be used for policy discussions. The inference is that Regan obtained the President's approval for Casey's request, without State's knowledge.

On December 13, 1986, Dunbar (State) and Cave (CIA) met with the Iranian second channel in Frankfurt. After the US representatives delivered the agreed US position, the second channel raised the "Nine Point Agenda" which had previously been discussed by North and Hakim. Dunbar had been unaware of this agenda, and reported it back to State.

On December 14, 1986, Shultz told the President about the Nine Point Agenda, which included arms sales, deposing Iraq's President, and a release of the Da Wa prisoners. Shultz said the President was "stunned" and "furious", and "had no idea on this at all, I'm sure."